

GOOD EVENING. I HAVE TRAVELED TODAY FROM MENDOCINO COUNTY LOCATED ABOUT 100 MILES NORTH OF SAN FRANCISCO. MENDOCINO COUNTY IS A RURAL CALIFORNIA COUNTY WITH A POPULATION OF 86,000 AND TRADITIONALLY HIGH UNEMPLOYMENT AND POVERTY RATES.

TEN YEARS AGO, THE ORGANIZATION WHICH I DIRECT WAS FOUNDED TO ADDRESS ECONOMIC SELF-SUFFICIENCY AMONG LOW-INCOME PEOPLE. THE WEST COMPANY PROMOTES MICROENTERPRISE AS A STRATEGY TO INCREASE ECONOMIC SELF-SUFFICIENCY FOR PEOPLE WITH LIMITED ACCESS TO ECONOMIC RESOURCES.

ONE OF THE FIRST COMMUNITY PARTNERS TO JOIN THIS ENDEAVOR WAS THE BANK OF AMERICA. ORIGINALLY, THE FOUNDATION CAPITALIZED THE MICROLOAN FUND WITH A \$10,000 GRANT. TWO YEARS LATER IN 1993, THE FOUNDATION PROVIDED A \$99,000 GRANT THROUGH A COMPETITIVE ECONOMIC DEVELOPMENT INITIATIVE. THIS GRANT ADDED \$60,000 TO THE LOAN FUND AND \$39,000 FOR TECHNICAL ASSISTANCE TO BORROWERS AND COMMUNITY CAPACITY BUILDING. DURING THE SAME ERA, THE LOCAL COMMERCIAL BANK OF AMERICA BRANCHES PROVIDED HUMAN CAPITAL TO WEST COMPANY'S BOARD OF DIRECTORS AND MICROLOAN FUND COMMITTEE. AS WELL, BANK OF AMERICA PAID THE SALARY AND PLACED A FORMER BANK OF AMERICA EMPLOYEE AT WEST COMPANY FOR A PERIOD OF SIX MONTHS. WE WERE ALSO ABLE TO OBTAIN NO COST ACCOUNTS FOR LOW-INCOME CUSTOMERS.

THE IMPACT OF BANK OF AMERICA'S INVESTMENTS ON ONE RURAL CALIFORNIA COUNTY HAS BEEN IMMENSE. AMONG THE OUTCOMES, BANK OF AMERICA HAS:

- HELPED TO BUILD THE CAPACITY OF A COMMUNITY-BASED ORGANIZATION TO BRING LOW-INCOME ENTREPRENEURS INTO THE MAINSTREAM
- *Enabled us to* PROVIDE \$197,458 IN LOANS TO 61 NONBANKABLE CUSTOMERS
- ASSIST WITH THE START-UP OF 40 BUSINESSES AND THE EXPANSION OF 39 BUSINESSES
- *all of which* CREATE 83 JOBS



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306 E. Redwood Ave. • Ste. 2 • Fort Bragg, CA 95437 • tel 707-964-7571 • fax 707-964-7576 • E-mail westcofb@mcn.c

I AM HERE TODAY TO COMMEND THESE CONTRIBUTIONS AND THE COMMITMENT THAT THEY DEMONSTRATE TO RURAL CALIFORNIA COMMUNITIES AND TO MICROENTERPRISE AS AN ECONOMIC ENGINE. I AM HERE TODAY TO ASK FOR RENEWED COMMITMENT TO THE RURAL INITIATIVE AS DEVELOPED DURING THE LAST YEAR BY BANK OF AMERICA AND ITS COMMUNITY PARTNERS. I AM HERE TODAY TO ASK THAT THE BANK OF AMERICA FOUNDATION AND THE BANK OF AMERICA COMMUNITY DEVELOPMENT BANK AS THEY CURRENTLY EXIST BE RETAINED IN CALIFORNIA.

THANK YOU FOR THE OPPORTUNITY TO TESTIFY AT THESE EXTREMELY IMPORTANT PUBLIC HEARINGS.



FIRST NATIONS DEVELOPMENT INSTITUTE

The Stores Building • 11917 Main Street • Fredericksburg, VA 22408
(540) 371-5615 • Fax (540) 371-3505

Daniel

July 9, 1998

Jennifer J. Johnson
Secretary, Board of Governors
Federal Reserve System
20th Street & Constitution Avenue
Washington, D.C. 20551

Re: Proposed acquisition of
BankAmerica Corp. and its
subsidiaries by NationsBank Corp.

Dear Secretary Johnson and Board of Governors:

Please consider the enclosed oral and written testimony and attachments our timely comment on the proposed merger of NationsBank Corp. and BankAmerica Corp. The oral portion was presented by Board Chairman B. Thomas Vigil at the July 9 public meeting conducted at the Federal Reserve Bank of San Francisco. The written portion, with attachments, was submitted on the same day to Federal Reserve Bank of San Francisco officials, per the instructions issued July 6 by community affairs officer Joy Hoffman Molloy.

We appreciated our participation in the meeting. We are available to answer any questions.

Cordially,

Sherry Salway Black
Sherry Salway Black
Vice President

Attachments: Testimony, oral and written
List of letters of support
Survey findings
Statement of Chester Carl, National American Indian Housing Council
Organizational Descriptions

cc: A. Linwood Gill III
Assistant Vice President
Federal Reserve Bank of Richmond



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Panel 15

**Testimony of B. Thomas Vigil
Chairman of the Board
First Nations Development Institute
before the Board of Governors,
Federal Reserve System,
Federal Reserve Bank of San Francisco
July 9, 1998**

Governors and members of the Federal Reserve System, ladies and gentlemen:

Greetings. My name is B. Thomas Vigil. I am a member of the Jicarilla Apache Tribe and my mother is from a tribe called Jemez, both in New Mexico. I own and operate several businesses, mostly on the Jicarilla Apache reservation. These businesses, including a hotel and a guest ranch, obviously require extensive banking relationships. It has been my experience that small local banks can offer very limited services for such businesses, because of their limited access to capital. Often we've had to go outside our community to establish these larger banking arrangements. This need for outside resources is not limited to our dealings in New Mexico. From the more national perspective of First Nations Development Institute and its many relationships with entrepreneurs and entrepreneurial organizations across the nation, access to larger capital resources is a regular business need and a critical hindrance to development.

Today, I come before you as the Chairman of the Board of First Nations Development Institute. As an organization, First Nations Development Institute has been assisting the culturally directed economic development efforts of Native American tribes and organizations for almost 20 years. During this time, banks have been a steady focus of our efforts to bring about economic relationships in the remote rural communities that characterize Indian Country. While First Nations has not specifically focused on metropolitan Native populations, we know that they too have often lacked access to credit. For most Native individuals in any location, banking relationships have not existed in the past.

But we have seen a groundswell of banking interest in Indian Country in recent years. Gaming and other developments have led to an aggressive movement for banking services in Indian communities. Especially in the last two years, we have seen the emergence of what may well be a critical mass of lenders and regulators dedicated to making a difference in the provision of financial services to Indian people.

As a function of our normal efforts to keep Indian communities informed of their rights

under the Community Reinvestment Act, and since the announcement of the NationsBank/BankAmerica merger, First Nations has conducted a survey of banking needs in Indian communities, the findings of which are attached. Our survey of 177 tribal and non-profit organizations in the 22 states affected by the proposed merger reveals a woefully inadequate collective encounter with mainstream financial channels. The vast majority of tribes and Native organizations had not had any experience with either NationsBank or BankAmerica, nor did they know of any NationsBank or BankAmerica activities in the Native community. The prevailing view among tribes and Native organizational representatives is that big banks in particular don't do business in Indian Country. And notwithstanding the accelerated banking activities of the past five years, only 91 home mortgages have been closed on tribal land during that same period – 91 homes in a market with an estimated need of 200,000 (attached).

Despite the shortcomings revealed in our survey, we remain optimistic that a critical mass of problem-solvers, responsible borrowers and business interests will eventually bring full-fledged banking and financial services to Indian communities. We are pleased that NationsBank/BankAmerica has agreed to be a part of this progress following the proposed merger. Not only have they included a specific mention of Indian Country in their pledge of \$10 billion in lending and investments for community and economic development in rural areas over the next 10 years; but in a meeting June 16 with First Nations and other Native American groups, they also agreed to work with First Nations and a Native task force on an analysis of loan products and financial services that would inform a Native American-specific lending goal.

The stated commitments of the two banks will greatly mitigate our original concerns regarding competitive factors and the convenience and needs of Indian communities under the merged entity. Our concerns were based on NationsBank's lack of experience with Native Americans, due to the small number of reservations and Native urban population centers in the south and southeastern states where NationsBank's holdings are concentrated. In western and southwestern states where BankAmerica is concentrated, on the other hand, Native Americans number close to 1 million (almost half of all Native Americans), including 426 tribes and 18 of the top 25 urban Native population centers. In brief, BankAmerica has begun to initiate progress in financial services for Indian people and organizations; NationsBank has not.

But NationsBank has provided assurances that the merged bank will take a progressive approach to providing banking and financial services for Indian communities in its newly acquired service areas. And to be quite candid, we consider it a good sign that a bank with so little experience in Native-specific lending should come to the table with a commitment to learn how successful lending and financial services can be provided in Indian Country. This approach suggests to us that the merged entity intends to do the job of community development lending right, rather than simply drafting Indians as window dressing with a pledge of loans that won't materialize. As long as the NationsBank/BankAmerica commitment of June 16 to an executive task force, products and services analysis, and eventual Indian-specific lending agreement are honored, First Nations will support the proposed merger.

We reached this decision based on considerable, serious thought. As you may remember, we are the people who have been promised more than any other group in this country, and which

promises have seldom been kept -- i.e., '... as long as the wind shall blow, and the streams shall flow, and the grass shall grow ...' We intend to hold the merged entity to its promises. And once this merger is approved, we trust the Federal Reserve System will actively oversee the fulfillment of these promises.

We appear here today bearing letters of support from 29 tribes and nonprofit organizations within service areas that would be affected by the proposed merger, and in cooperation with the 400-plus-member National American Indian Housing Council, the 200-plus-member National Congress of American Indians, the Native American Rights Fund, and the Council of Energy Resource Tribes.

Thank you for receiving our presentation.

NATIONAL AMERICAN INDIAN HOUSING COUNCIL
ANNUAL CONVENTION
TAMPA, FLORIDA
JUNE 8, 1998

STATEMENT FOR CHESTER CARL
CHAIRMAN
and, EXECUTIVE DIRECTOR, NAVAJO HOUSING AUTHORITY

Welcome and thank you for coming today to hear about some of the challenges facing Indian country and some of the solutions that we are advocating to address them. **We estimate that there is an immediate need for as many as 200,000 housing units on Indian reservations today.** We are taking a strategic focus of how we best meet those needs. How do we expand our thinking outside the box to bring about what is so common in the rest of the country—homeownership—which is not yet promoted as a value in our culture.

We are trying to change that culture and gain independence from too much dependency on the federal government. We'll never be effective if we continue to pump grant dollars into our housing without leveraging into other innovative private sector programs. This is something that the new law, Native American Housing and Self-Determination Act, passed last year, can move us toward.

It is imperative for Congress to allocate the dollars to make it work. NAHASDA is the harbinger of change and self-reliance. It's a Tribal driven program-- Tribes took the lead in developing regulations to implement this law, so it can work.

One major issue that still remains which policy makers can easily fix, is the 113 staff year backlog of title search requests at the Bureau of Indian Affairs. That obstacle will continue to stall progress and is just unacceptable for a government program designed to help Indians.

Before I end, let me provide some data that demonstrate the seriousness of housing conditions on Indian Territory:

- **In Tribal areas 40 percent of the housing is considered substandard, compared to 5.9 percent of housing generally.**
- 21 percent of the homes are overcrowded, compared to 2.7 percent national average for all Americans.
- 16.5 percent of Native American households in Tribal areas are without complete plumbing.
- The poverty rate for rural Native Americans is 37 percent, more than 3 times the rate for rural white persons, and the highest of any racial/ethnic group.

Panel 13



FIRST NATIONS DEVELOPMENT INSTITUTE

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First Nations Development Institute provides support to sustainable Native-controlled economic development projects, investments to financial intermediaries such as microenterprise loan funds, research and publications on a host of development-related subjects, approaches to national policy reform, and technical assistance through a variety of venues. First Nations was founded in 1980.

The National American Indian Housing Council, founded in 1974, is a nonprofit organization that assists tribes and tribal housing agencies in reaching their goals of providing culturally relevant, decent, safe, sanitary, and affordable housing for Native people in Indian communities and Alaskan Native villages.

The National Congress of American Indians provides effective political coordination and advocacy leadership in coordination with member tribes, timely information and strategic intelligence on critical policy issues, and useful monitoring updates on the legislative process. It is the oldest national Indian organization.

The Native American Rights Fund is a legal organization devoted to the assertion and the protection of Indian rights and to the orderly development of the body of law affecting Indians. For the past 28 years, NARF has represented hundreds of tribes on such issues as tribal recognition, land claims, subsistence rights, and the protection of Indian religious freedom.

Panel 15

FIRST NATIONS DEVELOPMENT INSTITUTE
The Stores Building, 11917 Main Street, Fredericksburg, Virginia 22408

SURVEY FINDINGS

1998

CRA Query

A Sample of Indian Country: A Summary

The Methodology

First Nations conducted an informal telephone survey to a random sample of 381 Native and tribal representatives including tribes, Alaskan Native councils, and non-profit organizations serving Native people within the 22 state region affected by the NationsBank and BankAmerica merger. The collected data represents responses from 177 Native representatives of either a tribe, village council, urban Indian center or other non-profit organization. A qualitative approach was utilized in order to obtain information, experiences and anecdotal information that would illustrate the unique and specific needs, problems, barriers and issues among Native communities with respect to banking and financial services. The qualitative nature of this query is useful in providing greater insight into individual Native community needs and gives local expression to those needs. The quotations included are representative of the quotes gathered in the survey.

Measures: First Nations structured a brief survey questionnaire designed to elicit information on the financial service and banking needs among the Native people in the community which the tribe, council, center or organization served, and also to determine the extent to which communities had experience with either NationsBank or Bank of America. Further, a question was incorporated to establish the Native population in the service area of the organization.

Response Rate: Of a possible 381 organizations, 177 organizations completed the telephone survey, which translates into a 46% response rate. (Note: In addition to the survey, a total of 471 tribes were contacted for information on the subject of financial services and banking needs in their communities, along with the 381 non-profit organizations that were contacted. This included non-federally recognized tribes, state recognized tribes and Alaskan Native village councils and corporations. In sum, a total of 853 tribes and Native organizations were contacted by First Nations in this research project.)

Findings: The anecdotal information gathered raises questions regarding the financial service systems and programs currently offered by financial institutions and demonstrates the obstacles to Native self-sufficiency through economic development. The data is laced with the details of shared experiences among Native people that point to their collective encounter with numerous formidable barriers to accessing credit and lending from banks.

In response to the NationsBank/BankAmerica merger, First Nations launched a query to non-profit organizations that reside within the 22 affected states, including the District of Columbia. A list of 381 non-profit organizations were identified as serving Native people within the geographic area of the merger. First Nations collected 177 total responses from organizational representatives. Of the total collected, 80 were substantive, solid responses from representatives who were more familiar with the issues involved and more closely in tune with the financial needs of the Native community. They offered detailed insights into their respective communities and provided anecdotal information about the unique needs and issues among Native people with respect to lending, banking and financial services.

In sum, those queried expressed a great need for access to credit and lending from banks. The most commonly expressed need is for credit in general, and when specifically broken down, respondents indicated the need for small business loans, home loans, general banking services and consumer loans, in that order. High on the list from a community-wide perspective is the need for financing for low income housing; training and education in personal finance and money management; working capital for facility development, construction or purchase; and opportunities for professional development among Native people in the banking industry.

A brief synopsis is given which indicates the respondents' level of awareness on two levels: awareness of the merger itself, and awareness of the implications of the merger for Indian Country. A total of 82 organizations or 46% of those queried had heard of the proposed merger. Meanwhile, 27 organizations or 15% expressed awareness of the potential implications for Indian country.

The vast majority of tribes and organizations had not had any experience with either BankAmerica or NationsBank. Further, the vast majority of those queried had no knowledge of any BankAmerica or NationsBank activities in the Native community, be they in the form of community reinvestment initiatives, specified lending programs for housing or economic development, informational or educational programs for personal financial management or material development and distribution on accessing credit and lending, corporate sponsorship of programs, events, conferences or any other community involvement activities.

There is a perception among Native people that big banks don't work with tribes or Native organizations and thus, there is no opportunity or need for Native people to become acquainted or familiar with what banks offer. There were also a number of comments in which people stated that they have tried to access loans and credit for small business development, for housing improvements, for business equipment, etc., and that they simply don't qualify. They say banks have turned them away since the system is collateral-based and many individuals and communities don't have the kind of assets that banks value or the credit or credit history required. Many felt that banks shut them out of the system.

The general consensus among tribes and organizational representatives regarding banks is that the big banks in particular don't do business with Indian Country. Respondents named small, local community banks that have established relationships with tribes, resulting in lending programs and economic opportunities.

Ron Andrade, Regional Census Center, Southern California

“The tribes (of California) use smaller, local banks. There has been little outreach to tribes by the big banks. The big banks don’t even let tribes know that they’ve got loans available. They won’t come out to the tribes and let them know. The purchasing power of even gaming tribes is ignored by the big banks.”

Mark Uskes, Affiliated Tribes of Northwest Indians, Lynwood, Washington

“Banks could be more flexible in their approach to tribes. There is administrative and bureaucratic insensitivity to the complex way in which tribes work and what it takes to build a relationship. There is a lack of branch capacity to work with tribes on a business level to do more lending. There are smaller banks who do this work with tribes, so why can’t the big ones?”

Hand in hand with the respondents’ perception that banks don’t reach out to Indian Country is the sense that banks possess very little knowledge about the Indian community. The need for greater awareness of the unique needs and complex issues associated with tribes, Native groups, organizations and the urban Indian population was repeatedly expressed by respondents.

Herman Agoyo, San Juan Pueblo Agri Co-Op, San Juan Pueblo, New Mexico

“Banks need to meet with the Indian community and they need to understand our financial needs and problems. That is the first step.”

Bob Stalker, Columbia Legal Services, Seattle, Washington

“There are many ways banks can support development in Indian Country. Financial institutions have shied away from working with tribes and they don’t even understand the issues central to Indian Country. Part of the process is becoming educated on the issues.”

The single most common comment from all organizations related to general access to credit and lending as the most significant banking/financial service need.

Mark Snigaroff, Atka IPA Council, Atka, Alaska

“The most critical thing banks can do is help the community gain access to credit. There is no recognition from banks. Many don’t even have a history of working with tribes.”

Jack Orr, Corporation of Newe Sogobia, Reno, Nevada

“Banks should be sitting with Indian people to discuss some of the unique situations in Indian Country. Native people have been locked out of the mainstream because we don’t have the money or the credit to help develop our communities.”

William Weahkee, Five Sandoval Indian Pueblos, Bernalillo, New Mexico

“There are many people who have a good education, good jobs, and good credit and they still can’t get lending.”

Joan Timeche, Center for American Indian Economic Development, Flagstaff, AZ
"Most banks will not do loans for start up and we don't have the equity. We need to sit down and help lenders become familiar with the tribal system because we can come up with solutions to lending and overcome problems with defaults."

Respondents were asked what the greatest banking/financial service need was for the Native people in their respective communities, in terms of loans and investments. The responses included needs for: small business loans, startup capital for microenterprise development, home loans and mortgage products, consumer loans, and general access to credit and lending. On an organizational level, non-profits most often voiced the need for capital for facility development, purchasing or renovation and the need for financing for low-income housing. Respondents also discussed the need for general banking services; programs to assist people in personal money management and finances, how to access, build and repair credit; and opportunities for education, training and professional development in the banking industry.

Specific Lending Needs

■ **Small Business Loans and Start Up Capital**

Small business loans and start up capital for microenterprise and business development topped the list of needs among both respondents who spoke of the individual needs of Native people and the community-wide needs of Native groups.

Mel Begay, Tohlokai Christian Business Opportunities, Gallup, New Mexico

"There are no banks in the community and people have to travel many miles. We need more access to business loans. Banks need to provide resources to intermediaries or groups like ours that can help bring about economic development opportunities in Indian communities."

Leon Kiana, Maniilaq Association, Kotzebue, Alaska

"We still have trouble getting loans, even with guaranteed loans. Institutions are not cooperative. We are working on setting up programs for economic development in our communities, but we have no seed money or access to start up capital for job creation. We're a Third World Country. Without investments in the community we can't progress with the rest of the world."

Tandy Young, Arizona American Indian Tourism Association, Scottsdale, Arizona

"They need to talk to the people to find out what their needs are. We talked to Bank of America for a line of credit and they wouldn't give us one. We were not given a reason for why not, outside of the standard 'you're not a good risk'. Yet we went to BankOne and got the line of credit. I had an account with Bank of America for 20 years, personal and business. After that I figured they weren't going to do anything for me and I changed banks. Especially if you've been a good customer for a number of years, it should count for something."

■ Home Loans & Financing for Low Income Housing

Home loans and low income housing were among the most critical needs of groups serving the urban Indian population, but were also discussed among individuals from reservations who could not qualify for HUD assistance.

Ronda Thomas, Los Angeles Native American Center, Los Angeles, California

“We are an Urban Center that serves nearly 80,000 Native people from more than 200 different tribes. Since we have no land base, we have no housing authority, we have no access to programs and the housing money that many Native people could benefit from. There are no first time buyer programs and no low income housing fund. We need some intervention for community development and housing.”

Mark Mosely, Housing and Credit Counseling, Topeka, Kansas

“Housing is a major problem. We have a huge urban Indian population that is not represented in the home ownership population. There is high population of Native people in poverty who can’t even qualify for the one alternative lending program. Banks need innovative programs to target low income Native people to address this need.”

Cathy Jacobs, Baltimore Indian Center, Baltimore, Maryland

“We’re the only organization in the state that provides services to Native Americans. There are tremendous needs that we are not meeting. And the needs for the urban Indians is totally different. For instance with housing needs, there is not enough low income or affordable housing for Native people.”

■ General Banking Services, Educational Programs & Training

The need for general banking services, educational outreach programs and training in personal finance and money management was frequently expressed as a critical element for personal and community development by respondents.

Carolyn St. James, Skokomish, Shelton, Washington

“Tribal people hardly have credit at all, much less good credit. And people don’t know what they can do to build credit or start over. We need education and information on personal finances and planning. We need a start up fund for more education of responsible money management, a model program on basic financing.”

Sharon Anderson, Howard Rock Foundation, Anchorage, Alaska

“Economic development is a big issue. We need job creation and business development, but many people don’t have the education and know how to do these things. We need investments to develop training and assistance programs for designing business plans and strategies. We need the investments and access to credit for start up.”

■ **Working Capital for Facility Development, Construction, Purchase and/or Expansion**
Non-profit organizations serving Native people and urban Indian centers remarked on the need for working capital for facility development as one of the most pressing needs on a community-wide basis.

Bernie Whitebear, United Indians/Daybreak Star Cultural Center, Seattle, Washington
“We (the Center) are a service delivery system that doesn’t get close to meeting the needs of enrolled Indians in the city who don’t get served by the tribes. Our biggest need is for financing/capital for facility development in order to house programs to serve the needs in the Indian community.”

Special Issues and Needs

■ **Urban Indian areas**

Recent statistics on urban Indian communities indicate that upwards of 64% of the total Native American Indian population reside in urban centers. Some of the largest concentrations of Native people are found in Los Angeles, Phoenix, Chicago, San Francisco, Houston, Seattle and in North Carolina and Florida cities, all cities which are within the geographic service area of Bank of America and Nations Bank. Urban Indian poverty levels are three times that of any other race, leaving urban Indians to turn to Indian centers for social service assistance and in emergency situations. Urban Indian centers tend to serve the most vulnerable, impoverished pockets of Native people with a great need for a variety of services. The Indian centers, however, cannot access the same monies available for the full range of programs and services that are targeted for Native people on reservations and in land based communities. Urban Indian centers remain strapped and unable to assist Native people in the cities with many needs going unmet including housing needs, and programs for community development.

Jim Denomie, American Indian Economic Development Center, Chicago, Illinois
“Urban Indian Centers like Chicago are the urban reservation. We have almost a mirror image of the social conditions that exist on the reservation. One-third of our population are neither renters or homeowners.”

Jerry Martin, Mid America All Indian Center, St. Louis Missouri
“Urban Indian always get left out...by BIA, by everyone. Financial institutions don’t serve us. There are more than one million Indians living in urban cities. People think Indians are only on the reservation.”

Fred Lomayesva, Tucson Indian Center, Tucson, Arizona
“(Banks) can support agencies like the Indian centers to help provide housing programs. It may not be direct grant money. It doesn’t have to be corporate giving. But they can help with non-profit cash flow. There is a critical need for access to affordable housing loans among urban Indians and banks should be doing their CRA share.”

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■ Partnerships

Many other issues and needs were raised by the respondents, and the most frequently recorded concerns have been included here in summary. However, several representatives brought up additional issues of concern which add weight to the need for improved lending, access to credit and alternative approaches and practices by banks in light of their historical and contemporary importance.

In sum, the cacophony of voices that resonate from tribal communities and urban centers, become harmonized by the need for the establishment of genuine partnerships between banks and Indian communities. The commitment to establishing partnerships is viewed as the essential ingredient to changing the way banks do business with Indian Country.

Mark Uskes, Affiliated Tribes of Northwest Indians, Lynwood, Washington

“We must develop partnerships. It is not just a matter of sinking money into a pet project. Instead of just doing lending, it goes back to making a genuine connection with tribes. Ninety-five percent of banks have no relationship with tribes. We need to facilitate communication that will help the tribal community and the business community to understand each other.”

Ron Andrade, Regional Census Center, Los Angeles, California

“The two critical issues are for housing and private loan activity. It’s hard to get a straight business loan without a BIA guarantee. (Some) tribes have millions of dollars in deposits and no banks are trying to talk with them. We have huge development projects, some of us have money and we are a good risk, yet no one is talking to us. How do we do joint business agreements here? How can we do business with banks for economic development projects?”

Several other specific issues and concerns were raised that further emphasized the need for targeted efforts among Native people. The first relates to the lack of alternative lending programs and partnerships currently in existence with banks. The second concern is with respect to the associations some banks apparently make between gaming tribes and all Native people. This concern, although it relates to the previously mentioned lack of awareness of the uniqueness and variations among tribes, communities, groups and organizations of Native people, came up often enough to warrant an earmark in the summary.

■ Need for Alternatives to Collateral-Based Lending

Glenn Dailey, Tanacross Village Council, Tanacross, Alaska

“At the tribal level, we need cash flow based commercial lending, rather than collateral based. The mix of regulations and land status makes it difficult for tribes to get the kind of lending they need. It’s tough to create an economic base without this kind of lending and credit.”

Howard Beladoff, Idaho Legal Services, Boise, Idaho

“Fort Hall has an economic resource (the land) that is being exploited by others and not by the tribe. They have the land as an asset which could be productive for farming. Banks need to establish alternative approaches to collateral based lending and create more innovative, flexible lending arrangements. It would radically change the complexion of the economy and assist in the tribal self sufficiency.”

Norm Begotey, American Indian Chamber of Commerce, Tucson, Arizona

“Bank of America says they have a minority business development center, but I don’t see much going on with the Indian community because it’s collateral based and few can access it. We don’t see much help coming from anywhere to help urban Indians start businesses. There is no micro-lending program.”

Ken Freeman, Lumbee National Bank, Lumbee, North Carolina

“There were barriers to lending which was a combination of geographics, race, income and economics. One barrier was building confidence and trust in our ability to run the bank by the banking commission. And then we had to build trust in our own community. We are a community bank and community banks are more directed at the community to make a difference. If the big banks are going to make an effort at moving into small communities like reservations they’ve got to get some familiar faces in the banks.”

■ Reliance on Gaming Tribes

Delores Hudson, Candelaria American Indian Council, Ventura, California

“Banks need to be more accessible to the Native American community. We went to some banks and they told us to go to the gaming tribes.”

Organizations Surveyed

First Nations conducted an informal, national telephone survey to a random sample of tribes, Alaskan Native villages, organizations, urban Indian centers and businesses. First Nations gathered data and information from a total of 177 organizations. The following are the survey respondents:

ALASKA

Allakaet Tribal Council
Arctic Development Council
Arctic Village Council
Asa'Car Sar Mint Tribal Council
Atka IPA Council
Bethel Broadcasting Inc.
Chilkoot Indian Association
Chistochina Village Council
Copper Mountain Foundation
Douglas Indian Association
Doyon Foundation
Ekwok Village Council
Evansville Tribal Council
Holy Cross Tribal Council
Howard Rock Foundation
Interior Rivers RC&D Council, Inc.
Inuit Circumpolar Conference
Ketchikan Indian Corporation
Kivilina IRA Council
Maniilaq Association, Inc.
Naknek Native Village Council
Native Village of Koyuk
Native Village of Kotzebue
Nightmute Traditional Council
Organized Village of Kake
Platinum Traditional Village
Sitka Prevention and Treatment Services
Tanacross Village Council
Upper Tanana Development Corporation
Valdez Native Association
White Mountain IRA Tribal Council
Yakutat Tlingit Tribe

ARIZONA

American Indian Association of Tucson, Inc.
Apache First Organization
Arizona American Indian Tourism Association
Arizona Native American Economic Coalition
American Indian Chamber of Commerce
Atlatl, Inc.
Cocopah Indian Tribe Vocational Training Center
Dineh Cooperatives, Inc.
First American Cooperative
Gila Indian Center
Labriola National American Indian Data Center

IDAHO

Idaho Legal Aid Services
Youth with a Mission

ILLINOIS

D'Arcy McNickle Center for American Indian History
American Indian Economic Development Center

IOWA

Native American Alcohol Treatment Program
Native American Child Care Center, Inc.

KANSAS

Haskell Foundation
Housing and Credit Counseling
Lawrence Indian Center
Mid America All Indian Center, Inc.

MARYLAND

Baltimore American Indian Center
Johns Hopkins Center for American Indian and Alaskan Native Health
Maryland Indian Heritage Society

MISSOURI

American Indian Center of Mid America
Heart of America Indian Center

NEVADA

Corporation of Newe Sogobia
Western Shoshone Nation
Native American Consortium of Northern Nevada

NEW MEXICO

Ak'E'Elechiigi, Inc.
Albuquerque Area Indian Health Board, Inc.
Cornerstones Community Partnership
Farmington Inter Tribal Indian Organization
Five Sandoval Indian Pueblos, Inc.
Futures for Children
Gallup Inter Tribal Indian Ceremonial Association
Indian Land Working Group
Navajo Cooperative at the Gathering Place
Nazarene Indian Bible College
New Mexico Community Development Loan Fund
New Mexico Native American Business Development Center
Northwest New Mexico Fighting Back
San Juan County Museum Association
San Juan Pueblo Agri Co-op
Shiprock Home for Women and Children
Tohlokai Christian Business Opportunities, Inc.

NORTH CAROLINA

Cherokee Historical Association, Inc.
Coree Indian Tribe
Guilford Native American Association, Inc.
High Country Art and Craft Guild
Lumbee River Legal Services
Lumbee National Bank
Lumbee Regional Development Association
Meherrin Tribe
North Carolina Indian Business Association
Triangle Native American Society

TABLE 1:

**American Indian/Alaskan Native Populations,
Tribes and Alaskan Native Villages
in the Geographic Areas of NationsBank and BankAmerica**

| | NationsBank States (AR, DC, FL, GA, IL, IA, KS, MD, MO, NM, NC, OK, SC, TN, TX, VA) | BankAmerica States (AK, AZ, CA, ID, NV, NM, OR, TX, WA) | Combined States NationsBank & BankAmerica |
|---|---|---|---|
| Native Population Totals | 514,422 | 885,017 | 1,399,439 |
| Reservation Population Totals | 56,784 | 210,725* | 267,509 |
| Off Reservation Population Totals | 457,638 | 674,292 | 1,131,930 |
| Number of Tribes | 69 | 426** | 471 |

The figures in Table 1 and 2 were taken from the 1990 census, and reflect self-declarations of American Indian/Alaskan Native status.

*This figure does not include Native population found in Alaskan Native Villages

**Of this figure, 224 are Alaskan Native villages; 202 are tribes

Prepared by First Nations Development Institute, 1998

TABLE 3:

Native Populations by State: BankAmerica geographic area

| State | Native Population | Percent of Total State Pop. |
|------------|-------------------|-----------------------------|
| Alaska | 85,698 | 15.6% |
| Arizona | 203,527 | 5.6% |
| California | 242,164 | .8 % |
| Idaho | 13,780 | 1.4% |
| Nevada | 19,637 | 1.6% |
| New Mexico | 134,355 | 8.9% |
| Oregon | 38,496 | 1.4% |
| Texas | 65,877 | .4% |
| Washington | 81,483 | 1.7% |

Total BankAmerica States

Native population= 885,017

(NB states Native pop.)= 514,422

TOTALS= 1,399,439

Native Population in combined 22 merger affected states

Population figures taken from 1990 Census
Prepared by First Nations Development Institute, 1998

Tribes and Native Organizations Zip Code Associations & Proximity to BankAmerica Branches Across

| STATE | TOTAL # OF TRIBES AND NATIVE ORGZ. | WITHIN BRANCH ZIP CODE | ZIP CODE PROXIMITY | WITHIN 20 MILE RADIUS | TOTAL "WITHIN BRANCH" OF BRANCHES |
|---------------|------------------------------------|------------------------|--------------------|-----------------------|-----------------------------------|
| Arizona | 151 | 32 | 37 | 6 | |
| California | 155 | 50 | 25 | 43 | |
| New Mexico | 49 | 12 | 10 | 5 | |
| Washington | 49 | 23 | 10 | 4 | |
| TOTALS | 404 | 117 | 82 | 58 | |

For example: In Arizona, the First American Cooperative is "Within Branch Zip Code" since it is in the exact same zip code as BA branch at 1815 W. Glendale Ave., Phoenix, Center, with a Phoenix zip code of 85004, has a zip code association with all Phoenix zip codes as defined by the U.S. Postal Service and is in "Zip Code Proximity" to a BA branch with a Phoenix zip code. The Gila River Indian Community, with a zip code of 85247, is "Within 20 Mile Radius" of a BA branch since a Coolidge branch, zip 85228, is 15 miles away. 85222, is 20 miles away. The three zip code categories are combined in a "Total 'Within Reach' of Branch" to illustrate the extent to which BankAmerica is in close proximity.

Prepared by First Nations Development Institute, 1998

June 11 >



FIRST NATIONS DEVELOPMENT INSTITUTE

The Stores Building • 11917 Main Street • Fredericksburg, VA 22408
(540) 371-5615 • Fax (540) 371-3505

**Testimony of First Nations Development Institute
before the Board of Governors,
Federal Reserve System,
Federal Reserve Bank of San Francisco
July 9, 1998**

Introduction

On behalf of 27 tribes and tribal organizations, and in cooperation with the National American Indian Housing Council, National Congress of American Indians, and Native American Rights Fund, First Nations Development Institute offers the present letter as timely comment conditionally approving the proposed merger of NationsBank Corp. and its subsidiaries and BankAmerica Corp. and its subsidiaries.

Banking and financial relationships are of the first importance to Indian Country. Geographical remoteness and lack of access to credit and financial services have excluded Native Americans from mainstream financial channels in the past. But we have seen distinct improvements in recent years, and we believe we can rely on the merger partners to participate in perfecting the delivery of financial services to Indian people.

Our hopes in this regard received a boost on June 16, when we met with representatives from NationsBank and BankAmerica. Douglas B. Woodruff, senior vice president for NationsBank Community Investment, stated that First Nations and our partners were providing the vehicle that would enable the merged entity to access the Native American credit market. He also committed Chief Executive Officers Hugh McColl Jr. and David Coulter to banking in Indian Country "as a business." And he agreed to continue the dialogue with Native American organizations on lending and investment products and services that will work within Indian Country. In addition, BankAmerica agreed to gather an executive task force for the same purpose.

Competition, Convenience and Needs

Though these understandings dispose us favorably toward the merger, we must underscore the gravity of these agreements. Without follow through, the proposed merger may substantially lessen competition in rural areas, and especially in remote rural areas where many Native Americans reside. A First Nations survey (attached) of 177 tribes and tribal organizations in the 22 states that stand to be affected by the merger found that the record of banking relationships in these areas is already woeful. Though debate continues as to the effect of mergers on competition in metropolitan areas (where many Native Americans also reside), we join Sens.

Grassley of Iowa and Bingaman of New Mexico in suggesting that bank consolidation may in fact reduce competitiveness in rural areas, as some outlying branches close and others are relegated to minor branch status in the combined operations of a coast-to-coast bank of the size proposed.

These misgivings acquire still more momentum when we consider the issues of convenience and need for rural and metropolitan areas alike. Our survey sought to link Native Americans with the service and assessment areas of BankAmerica branches in four states with comparatively large Native American populations: Arizona, California, New Mexico and Washington. As the accompanying chart indicates, we found 117 branches within Native-affiliated zip codes, 82 within proximity of Native American populations, and 58 within a 20-mile radius of tribal populations. But in no case did we find full services being provided by these branches to these populations. In only a few cases did we find services being provided; in fewer still did we find any satisfaction with those that are provided.

Our concern since the merger announcement has been that the neglect of Native populations would be exaggerated within a NationsBank-dominated corporate structure, given that NationsBank has exceedingly limited experience with Native American lending. Such an eventuality would be particularly dire in that, despite the isolation of Native American tribes and groups from mainstream financial channels, improvement has occurred in recent years. BankAmerica, with close to 1 million Native Americans, 426 tribes, and 18 of the top 25 urban Native population centers in the states it serves, has only just begun to get aboard this progressive trend.

Background

In an effort to initiate NationsBank's involvement with Indian Country, First Nations seized the opportunity of the June 16 meeting to share our survey findings with bank representatives and offered a general overview of lending issues in Indian Country, as follows:

Several of the issues in Native American access to credit and financial services are the same as for low-income people anywhere – unconventional credit records, lack of capital, lack of familiarity with banking practices and expectations and the resultant distrust of banking institutions, and a discomfort with the lack of people like them in bank settings. Many of the strategies in use to address these issues elsewhere would be effective in Indian Country.

Other hindrances to credit and financial services are unique to Indian Country:

- * The geographical remoteness of many reservations means that banking relationships there may never have a chance to develop as personal and cultural familiarity is difficult to establish. Overcoming geography is critical to developing the Native American credit market.

- * The remoteness of Indian Country from mainstream banking has translated to a sharply reduced level of economic activity on many reservations, which in turn has curtailed the development of financial infrastructure such as Uniform Commercial Codes. Economic development is on the increase, however, and the establishment of UCCs and other financial

infrastructure is key to moving this development activity to the next level of community-wide prosperity. One model UCC for tribes is in development and another is ready for enactment; some tribes have adopted UCCs specific to their circumstances; others have adapted state codes.

* The trust status of tribal land. Trust status, which means the federal government holds the land in trust for tribes, is an asset to the tribe as a whole but may stand in the way of homeownership or other individual property disposition because it is not alienable and so cannot be attached as collateral. Models of mortgage lending on trust land are in place, their common feature being tribal first right of refusal on foreclosed properties based on the high number of Native Americans in need of housing. Extending these models to establish secondary markets for Native American housing is an achievable goal of the next 10 years. The need for housing in Indian Country cannot be overstated: 40 percent of housing in tribal areas is substandard, 21 percent of these homes are overcrowded, and 16.5 percent lack complete plumbing (see attachments of the National American Indian Housing Council).

* Tribal sovereignty gives tribal courts jurisdiction over reservation-based business transactions. The unfamiliar legal system means that bank executives must devote good will and resources to bringing Indian Country within the same 'comfort zone' loan officers enjoy in off-reservation transactions. The uptick in banking activity on reservations in recent years has demonstrated beyond doubt that this 'comfort zone' exists for banks that commit to finding it.

* Native American culture, though by no means impenetrable, is distinct from mainstream American culture in many respects. This raises perceptual barriers as well as practical ones. For example, Native American tribal councils by and large refuse to allow at-will car repossession for reasons derived from the cultural context of reservations, raising a practical barrier for banks in some cases. The perceptual barrier for some bankers is a stereotypical assumption that the lack of at-will provisions simply encourages deadbeats to run a car into the ground while creditors take the time to comply with less expeditious tribal court processes. But in recent years, practice has proved it to be far more often the case that informal tribal processes lead to the payments being made or the car being repossessed without incident.

Recommendations

Thus assured that NationsBank had established some understanding of the new market it proposes to acquire, First Nations offered specific recommendations for the merged entity to act on:

* Make a formal commitment to Indian Country and urban Native communities to build on and strengthen work begun by BankAmerica.

* Identify and seek input from a broad representation of Native tribes and communities in the affected states.

* Invest in and provide developmental support for venture capital funds serving Indian Country and Small Business Investment Companies with a stated Native emphasis.

- * Invest in tribal- and Native-owned business enterprises.
- * Invest in and offer start-up assistance for Native-controlled banks and intermediaries, including microenterprise and small business lending, in underserved portions of Indian Country.
- * Offer philanthropic support for enterprise and microenterprise development, housing, financial services, and for Native funds that support development.
- * Develop and implement workable mortgage products and investments in Low Income Housing Tax Credits for Native communities.
- * Develop and sponsor financial literacy training seminars for Native communities and education for bank personnel to better understand Indian Country.
- * Invest in the technological and financial infrastructure of Indian Country.

NationsBank representatives found no "red flag" in these recommendations and responded that the bank ought to be providing these investments and services in any case. Mr. Woodruff described eventual agreement to a Native-specific lending goal as "a reasonable expectation."

Conclusion

These agreements have greatly mitigated our original concerns regarding competitive factors and the convenience and needs of Indian communities under the merged entity. We go so far as to consider it a good sign that a bank with so little experience in Native-specific lending should come to the table with a commitment to learn how successful lending and financial services can be provided in Indian Country. This approach suggests to us that the merged entity intends to do the job of community development lending right, rather than simply drafting Indians as window dressing with a promise of loans that won't materialize.

For the reasons set forth above, and conditional on formation of an Indian-specific executive task force, analysis of Indian-specific lending products and services, and an eventual Indian-specific lending agreement pursuant the proposed merger partners' \$10 billion pledge over 10 years to rural areas and Indian Country, the proposed merger should be approved.

Attachments: List of letters of support
Survey findings
Statement of Chester Carl, National American Indian Housing Council
Organizational descriptions

Support Letters Received by First Nations Development Institute

First Nations received 29 letters from tribes and Native organizations expressing support for efforts to improve financial services for Native people and to secure a lending agreement for Indian Country from BankAmerica and NationsBank. Two sample letters are attached as submitted by the Lumbee Tribe of North Carolina, and the Native American Travel Service. Additional letters were received from the following organizations:

- Nightmute Traditional Council
- Akutan Traditional Council
- Teller Traditional Council
- Jamestown S'Klallam Tribe
- Klawock Cooperative Association, Tribe
- Manokotak Village Council
- Native Village of Brevig Mission
- Native Village of White Mountain, IRA Tribal Council
- Native Village of Barrow, Inupiat Traditional Government
- Kipnuk Traditional Council
- Arctic Development Council
- Center for American Indian Economic Development
- Washoe Tribe of Nevada and California
- North Fork Rancheria
- Confederated Tribes of the Umatilla
- New Mexico Community Development Loan Fund
- Chickasaw Nation
- Bridgeport Indian Reservation
- Eastern Band of Cherokee Indians
- Lumbee Tribe of North Carolina
- Fallon Paiute-Shoshone Tribe
- Modoc Tribe of Oklahoma
- San Carlos Apache Tribe
- All Indian Pueblo Council
- Atlatl, Inc.
- Corporation of Newe Sogobia/Western Shoshone Nation
- National Native American AIDS Prevention Center
- New Mexico Native American Business Development Center
- Native American Travel Service



NATIVE AMERICAN TRAVEL SERVICE

4130 N. Goldwater Boulevard, Suite 114, Scottsdale, Arizona 85251
(602) 945-0771 FAX: 945-0264

June 23, 1998

First Nations Development Institute
The Stores Building
11917 Main Street
Fredericksburg, VA 22408

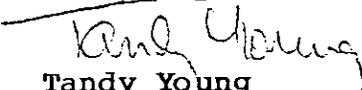
To Whom It May Concern:

I am writing, on behalf of Native American Travel Service, to support First Nations Development Institute's national initiative to improve banking services to Indian Country. In reading about the recently proposed merger between Bank of America and Nations Bank presents American Indian people with an opportunity to effect important changes in the way banks are doing business with Indian tribes, communities and individuals. Also how they have dealt with Indian owned businesses when it comes to loans.

We would like to see first hand how the merging companies will operate with American Indian people in terms of a specific commitment to community development in Indian Country.

We strongly support First Nations committment to ensure that our concerns are heard and acted upon favorably and that the financial community is responsive to us.

Sincerely,


Tandy Young
President/Owner

TRIBAL ENROLLMENT
(910) 521-2462

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(910) 738-7908

DAY CARE OFFICE
(910) 521-8555

JTPA OFFICE
(910) 521-9761

Lumbee Tribe of North Carolina

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(910) 521-8625

Home Page
of the Lumbee Tribe
www.lumbee.tribe.org

TRIBAL BOARD

ADOLPH BLUE
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HAROLD CHAVIS
DEANNA L. LOWRY
KENNETH R. MAYNOR
GWEN D. LOCKLEAR
ODELL LOWRY
MARTY BLANKS

JAMES HARDIN
Tribal Manager/
Executive Director

June 18, 1998

Sherry Salway Black
First Nations Development Institute
The Stores Building
11917 Main Street
Fredericksburg, VA 22408

Dear Ms. Black:

I wish to commend you on your efforts to improve access to capital, credit, and financial services for economic development in Indian country. I support your efforts to get a formal commitment to Indian country from NationsBank and BankAmerica, or the new entity that will result from the proposed merger.

Per your query, I feel that the major needs in Indian country in North Carolina is for better financial services for housing, business development, and financing of infrastructure development in rural towns and communities where Indian people live.

NationsBank does not have a branch office presence in the counties of Robeson, Scotland and Hoke, where most members of the Lumbee tribe live. I would ask that NationsBank, or the new entity, consider expanding into this area or establish a working partnership with existing financial institutions that serve this area to assist lending services in the homeland of the Lumbee tribe.

Sincerely,

James Hardin
Tribal Manager
/Executive Director

"Land of the Lumbee"

STATE RECOGNIZED SINCE 1985
dba/ Lumbee Regional Development Association (LRDA) since 1968

Panel 15

TESTIMONY FOR
BANK OF AMERICA
SAN FRANCISCO, CALIFORNIA
JULY 9, 1998

Johnnie King, Jr.

The King Group

The
king group inc.

3131 McKinney Ave. • Suite 450 • Dallas, Texas 75204
(214) 720-9046 • Fax (214) 720-1435

Panel 15

TESTIMONY FOR
BANK OF AMERICA
SAN FRANCISCO, CALIFORNIA
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Johnnie King, Jr.

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3131 McKinney Ave. • Suite 450 • Dallas, Texas 75204
(214) 720-9046 • Fax (214) 720-1435

My name is Johnnie King, President and Chief Operating Officer of The King Group, Inc. of Dallas, Texas.

The King Group is one of the largest African American, female owned marketing firms in the southwest and specializes in advertising, sales promotions and community relations that target the African American segment of the population.

The King Group has worked with Bank of America Texas since the first year of operation as a retail bank in the state of Texas. Our primary function with Bank of America has been to work with the bank in all of these areas in the African American communities across Texas.

I would like to speak briefly on three areas:

- ◆ First, I will address some of the unique banking needs of African Americans based on our research and experience, along with some of the historical basis for those needs.**

- ◆ Next, I will present some of the programs and activities that Bank of America, with the assistance of the King Group, has implemented to address the needs of the African American segment over the past six years.**

- ◆ And finally, I would like to address some concerns that we believe must be, and will be addressed by the combined Nations Bank/Bank of America entity.

Unique banking needs of African Americans

The King Group has conducted extensive research on Banking as it relates to African Americans on behalf of Bank of America. This research was conducted by Dr. Delva King, our C.E.O. who is recognized as one of the top ethnic researchers in the country.

Our research revealed some of the unique banking needs of African Americans and more importantly, we identified the historical bases that contributed to the special needs of this segment. These include:

- ◆ A general belief that banks are not sensitive to the needs of African Americans, and the barriers that African Americans have historically faced in attempting to do business with banks.

This was based on several historical factors that include:

- ◆ Limited success in accessing bank products and services;
- ◆ The fact that few banks were located in African Americans communities.

- ◆ A perception that banks did not value or want to do business with African Americans. The term "red-lining" appeared as a reoccurring theme in our research.
- ◆ The belief that banks did not understand the barriers African Americans have had to overcome, and that there was a lack of sensitivity to those historical barriers.
- ◆ Finally, our research revealed that African Americans felt that banks have ignored our history and some of the reasons that we have difficulty in meeting the general criteria of banks.

Bank of America's Approach

Based on the research which, I might add was quite extensive, we, together with Bank of America, developed a comprehensive five year plan that was used in building marketshare, increasing accessibility to African Americans and insuring that Bank of America had the products, programs and services necessary to do business in the African American community.

- **Image/Perception**

Our first challenge was to overcome the historical image of banking in the minds of African Americans while creating a basis for long-term patronage and marketshare for Bank of America.

The program that was created presents the lifetime achievements of African Americans in the local communities throughout the state. Our belief was that by creating a program based on the rich heritage of African Americans, Bank of America could best, and rightfully so, learn about this heritage and at the same time insure African Americans that we are concerned and knowledgeable about the history of African Americans in Texas.

Today, this program, is the highest visibility, most intrusive program in the African American Community in the state of Texas. It has been lauded and recognized by Black clergy, elected officials, community leaders and others throughout the state.

The Chronicles program is an example of how we used research and knowledge of the segment to create business for the bank and, at the same time, give back to the community.

- **Accessibility**

While we were introducing and creating affinity with African Americans, Bank of America was simultaneously

making banking more accessible to the segment with plans for two DeNovo's - one in Dallas and one in Houston. Three-fourth of the state's African American population reside in these two markets.

We worked with Bank of America on sight selection, grand openings, and patronage programs for these two branches which I am proud to say, are "state of the art" and located in the hearts of the African-American community.

- **Products and Programs**

With these sharebuilding, branding and access initiatives underway, Bank of America was creating several products to assist in marketing to the African American segment.

Products such as the A.B.C. Loan was designed to assist small businesses. This line of credit product addressed the number one need that we found in our research among African American business people - that was "cash flow". The program simplified the loan application process and provided a relatively quick turnaround in service.

We assisted the bank in developing and marketing programs such as the Minority Opportunity Success Training program or M.O.S.T. as we affectionately call it. This program

provides training in several areas and assists in accessing capital products like the A.B.C. loan, S.B.A. as well as other traditional banking products.

The Neighborhood Advantage loan product was designed to have a similar impact on mortgage lending. We took this product which targets LMI census tracts and created a neighborhood advantage club which provided training and benefits for home buyers.

We assisted Bank of America in developing and implementing community outreach programs, the newest of which is the "Faith-Based" Academy that was rolled out earlier this year. The Faith-Based Academy was created based on the increasing role of African American churches in community development. Today, churches own property, have housing developments and operate businesses.

The Faith-Based Academy is a training program that provides the technical skills and the religious basis for community development. Pastors and church leaders learn everything from how to set up a CDC to how to access capital.

The activities that I have covered in these brief minutes can in no way account for the many hours that we have spent with Bank of America in providing banking services to our segment. Our approach, though methodical, has been sincere.

We, at The King Group, are proud to have been a part of this great history in Texas banking.

We know that there is still much to accomplish and we have a long way to go. The challenges that the new bank will face are many.

We fully believe that the combined resources and expertise of both Nations Bank and Bank of America will allow us to better meet the challenges in the future and we fully and wholeheartedly support this merger.

THANK YOU!

Dallas/Ft. Worth Area Publishers Association

P.O. Box 190634 • Dallas, Texas 75219-0634

LA VIDA NEWS

Ted Priutt,
Publisher

President

Date: July 8, 1998

To: Federal Reserve Board

From: Dallas/Fort Worth Publishers

Re: **Bank of America/Nations Bank Merger**

The African Herald

Dr. Richard O.
Nwachukwu,
Publisher

Vice-President

Consensus:

It is the consensus of the Dallas/Fort Worth African American press that the following areas of concern be addressed as it relates to the above proposed merger.

- ◆ How will the consolidations address the communications and outreach needs as it relates to African Americans?
- ◆ How will the products and services be communicated to African Americans, and how will overall expenditures in African American owned media be affected?
- ◆ What type of community outreach activities will the new entity have in place to assist in educating, communicating and assisting African Americans in assessing bank products and services?
- ◆ What type of African American communications, professionals and companies will be used to assist the new bank?

Respectfully,

Ted Pruitt
President

The Dallas EXAMINER

Mollie Belt,
Treasurer

MON

Thurman R.
Jones,
Publisher

General Secretary

The Dallas Post Tribune



Dr. Theodore Lee,
Secretary